

Mineral Industry Surveys

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GOLD IN SEPTEMBER 2004

U.S. mines produced 22,100 kilograms (kg) of gold in September 2004, a 6% increase compared with that of August, according to the U.S. Geological Survey. Production of gold was down in California by about 9% and up in Nevada by more than 6% over the same period. Total gold production for the third quarter of 2004 was 32% less than that for the third quarter of 2003, and the production in September was 10.5% less than that of September 2003. Table 4 lists the leading 30 gold-producing mines in the United States for the first 9 months of 2004.

Domestic.—Quadra Mining Ltd. (Vancouver, British Columbia, Canada) reported that its concentrator at the Robinson Mine (Ely, Nevada) began processing ore at 60% of its design capacity on September 1, and that it had extended an agreement with Washington Group International Inc. (Boise, ID) to mine approximately 67 million metric tons of ore and waste annually at Robinson. The contract runs through mid-2009. Quadra bought the Robinson Mine from Anglo-Australian miner BHP Billiton in April, 2004. Robinson was expected to produce 75,000 metric tons of copper and 1,800 kilograms (kg) (57,000 troy ounces) of gold annually (Quadra Mining Ltd., 2004).

International.—Gold Fields Mineral Services Ltd. (GFMS) reported that it expected full-year global gold mine production would be 2.5 million kilograms (Mkg) (80 million ounces) in 2004, a decrease of 93,000 kg (3 million ounces) from gold mined in 2003. GFMS also reported 6-month global gold mine production at 1.17 Mkg (37.5 million ounces), 7% or 84,000 kg lower than in the first 6 months of 2003. Disruption at the Grasberg Mine in Indonesia (down 41,000 kg) accounted for most of the decline. In Australia (down 21,000 kg) and the United States (down 11,000 kg), weather was partly responsible for the declines. In Australia, closure of the Bronzewing and Tarmoola mines also led to lower output. A number of new gold mines were reportedly ramping up for production in the

second half of 2004 and should partially offset the lost output from the first half of 2004 (Gold Field Mineral Services, 2004). The London Bullion Market Association (LBMA) reported that the number of gold ounces transferred declined 8.5% in August compared with July, falling to 430,000 kg (13.8 million ounces). Compared with those of August 2003, ounces transferred were 3.5% lower. The number of gold transfers declined by 4.5% in August compared with July, and the number of gold transfers decreased by 5.5% over the number of transfers in August 2003 (Platts Metals Week, 2004b).

Harmony Gold Ltd. (South Africa) reported that it had reached an agreement with the National Union of Mineworkers on the implementation of continuous operations (CONOPS) at the Randfontein gold mines. Under this agreement, the mines operate 365 days per year and miners work on a shift arrangement that allows them to work the same number of hours each week. Additional workers would be employed to facilitate the additional working days. Following the phase in of CONOPS at its Free Gold, Evander, Target, ARMgold, Elandsrand, and Randfontein mines, about 80% of Harmony's South African gold production will be CONOPS (Platts Metals Week, 2004c).

The Dutch Central Bank reported that it planned to sell 165,000 kg (5.3 million ounces) of gold under the new central bank agreement that began September 27, 2004. The Dutch Central Bank is one of 15 European central banks that agreed to limit their gold sales to no more than 500,000 kg (16 million ounces), an increase from the previous limit of 400,000 kg (12.9 million ounces) (Platts Metals Week, 2004a).

South African police, with the cooperation of companies such as Harmony Gold Mining Co. Ltd. and Gold Fields Ltd., arrested 17 gold mine workers on charges of theft and corruption. Gold was usually smuggled out of the mines in the form of "veld gold" or gold bearing dust that can be made more pure using basic smelting equipment. It is estimated that 30,000

kg (965,000 ounces) of gold is lost each year to smugglers. In addition, \$46,000 of stolen mining equipment has been recovered since the beginning of 2004 (Metal Bulletin Daily, 2004)

Mining operations resumed at the Yanacocha gold mine (Peru) following removal of the roadblock by local protestors. When resistance escalated into a regional strike, helicopter shuttles brought in the people and supplies necessary to continue reduced mining operations. The temporary scaling back did not affect the estimated full-year 2004 gold production at Yanacocha. To calm the situation, the Government suspended the exploration permit for the Cerro Quilish satellite deposit, which has runoff that enters the local watershed, until an independent third-party hydrological study could be completed (American Metal Market, 2004).

References Cited

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TABLE 1
MINE PRODUCTION OF RECOVERABLE GOLD
IN THE UNITED STATES, BY STATE¹

(Kilograms)

	California	Nevada	Other States ²	Total
2003:				
September	341	20,400	4,000	24,700
October	211	20,300	4,120	24,600
November	246	18,900	3,830	23,000
December	235	17,100	3,910	21,300
January-December	4,270	227,000	45,700	277,000
2004:				
January	198	16,900 ^r	3,210	20,300 ^r
February	245	15,500 ^r	2,890	18,700 ^r
March	243	20,800 ^r	3,160	24,200 ^r
April	222	15,500 ^r	2,850	18,600 ^r
May	178 ^r	18,400 ^r	3,000	21,600 ^r
June	1,070	18,500	3,190 ^r	22,800
July	188	18,100 ^r	3,120 ^r	21,400 ^r
August	196	17,400 ^r	3,170 ^r	20,800 ^r
September	179	18,500	3,400	22,100
January-September	2,720	160,000	28,000	190,000

^rRevised.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes Alaska, Arizona, Colorado, Idaho, Montana, South Dakota, Utah, and Washington.

TABLE 2
GOLD PRICES

(Dollars per troy ounce)

Engelhard Industries:	
2003:	
Low/date	321.09 April 7
High/date	417.76 December 31
Average	364.80
2004:	
July:	
Low/date	388.61/28 and 29
High/date	407.84/9
Average	399.41
August:	
Low/date	392.16/5
High/date	411.95/23
Average	402.15
September:	
Low/date	397.62/8
High/date	417.01/30
Average	406.79
Year to date:	
Low/date	376.29 May 10
High/date	428.63 April 1
Average	402.39
Handy and Harman:	
2003, average	
	363.51
2004:	
July	398.08
August	400.86
September	405.45
Year to date	401.07
London Final:	
2003, average	
	363.51
2004:	
July	398.09
August	400.51
September	405.28
Year to date	400.96

Source: Platts Metals Week.

TABLE 3
U.S. IMPORTS AND EXPORTS OF GOLD¹

(Kilograms of gold content, unless otherwise specified)

Period and country	Ores and concentrates ²	Doré and precipitates	Refined bullion ³	Total ⁴	Waste and scrap (gross weight)	Metal powder (gross weight)	Gold compounds (gross weight)
Imports for consumption:							
2003	1,960	95,200	152,000	249,000	15,000	4,080	31,800
2004:							
June	49	6,680	11,300	18,000	2,170	341	1,230
July	118	6,560	11,000	17,700	1,850	225	2,740
August:							
Brazil	--	--	993	993	--	--	--
Canada	483	--	7,320	7,810	253	2	--
Colombia	--	1,980	378	2,360	103	--	--
Costa Rica	--	--	--	--	141	--	--
Dominican Republic	--	--	1	1	651	32	--
Germany	--	--	--	--	--	(5) ⁶	1,000 ⁶
Ghana	--	--	--	--	--	1 ⁶	--
Honduras	--	174	--	174	20	196	--
Japan	--	--	--	--	--	--	8 ⁶
Mexico	--	173	368	540	213	--	--
Nicaragua	--	212	--	212	--	--	--
Peru	--	6,790	--	6,790	--	--	--
Other	2	35	148 ⁶	185	38	32 ⁶	--
Total	484	9,370	9,210	19,100	1,420	266	1,010
Year to date	918	73,700	103,000	178,000	12,000	3,240	28,200
Exports:							
2003	826	131,000	220,000	352,000	159,000	874	565,000
2004:							
June	94	11,700	3,880	15,600	58,300	13	105,000
July	45	12,400	12,300	24,800	52,700	62	122,000
August:							
Argentina	--	--	1,610	1,610	--	--	--
Canada	--	--	6	6	9,290	--	29,100 ⁶
Dominican Republic	95 ⁶	--	--	95	--	--	6,910 ⁶
France	--	--	--	--	--	--	436
Germany	--	--	--	--	4,520	--	--
Israel	--	--	100	100	--	1	5,570
Malaysia	--	--	14	14	--	30	--
Mexico	1	--	900	901	--	--	--
Netherlands	--	--	--	--	--	--	351
Panama	--	--	--	--	--	--	983 ⁶
Saudi Arabia	--	--	--	--	--	--	373
Singapore	--	--	--	--	--	--	32,900
Switzerland	--	10,800	2,380	13,200	414	--	--
Taiwan	--	--	--	--	--	--	8,830
Trinidad and Tobago	--	--	--	--	--	1	1,460
Turkey	--	--	--	--	--	--	5,190
United Arab Emirates	--	--	979	979	--	--	--
United Kingdom	--	3	--	3	32,200	34	231
Other	--	--	105	105	235	15	609
Total	96	10,800	6,090	17,000	46,700	81	93,000
Year to date	628	89,200	66,000	156,000	424,000	391	765,000

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes gold content of base metal ores, concentrates, and matte imported for refining.

³Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

⁴"Waste and scrap," "Metal powder," and "Gold compounds" not included in "Total."

⁵Less than 1/2 unit.

⁶All or part of these data have been referred to the U.S. Census Bureau for verification.

Source: U.S. Census Bureau.

TABLE 4
LEADING GOLD-PRODUCING MINES IN THE UNITED STATES THROUGH THE THIRD QUARTER OF 2004,
IN ORDER OF OUTPUT¹

Rank	Mine	County and State	Operator	Kilograms
1	Newmont Nevada operations ²	Various counties, NV	Newmont Gold Company	49,400
2	Betze-Post/Goldstrike	Eureka, NV	Barrick Gold Corporation	31,400
3	Cortez	Lander, NV	Cortez Gold Mines, Inc.	26,000
4	Round Mountain	Nye, NV	Round Mountain Gold Corporation	18,500
5	Meikle/Goldstrike	Elko, NV	Barrick Gold Corporation	13,300
6	Fort Knox ³	Fairbanks, AK	Kinross Fairbanks Gold Mining Incorporated	7,460
7	Cresson	Teller, CO	Cripple Creek & Victor Gold Mining Co.	7,410
8	Bingham Canyon ⁴	Salt Lake, UT	Kennecott Utah Copper Corp.	6,220
9	Jerritt Canyon	Elko, NV	Queenstake Resources, Inc.	5,690
10	Turquoise Ridge	Humboldt, NV	Placer Dome Inc.	3,650
11	Marigold	Humboldt, NV	Glamis Gold Ltd.	2,950
12	Kettle River	Ferry, WA	Kinross Gold Corporation	2,160
13	Greens Creek	Juneau, AK	Kennecott Greens Creek Mining Company	2,110
14	Wharf	Lawrence, SD	Wharf Resources, Inc.	1,900
15	Florida Canyon	Pershing, NV	Florida Canyon Mining, Inc.	1,730
16	Rochester	Pershing, NV	Coeur d'Alene Mines Corp.	1,400
17	Denton-Rawhide	Mineral, NV	Kennecott Rawhide Mining Co.	1,220
18	Bald Mountain	White Pine, NV	Placer Dome Inc.	1,110
19	Briggs	Inyo, CA	Canyon Resources Corp.	806
20	Illinois Creek ⁵	Yukon-Koyukuk, AK	American reclamation Group LLC	675
21	Montana Tunnels	Jefferson, MT	Montana Tunnels Mining, Inc.	673
22	Rand	Kern, CA	Glamis Rand Mining Co.	352
23	Barney's Canyon	Salt Lake, UT	Kennecott Barney's Canyon Mining Co.	342
24	Castle Mountain	San Bernardino, CA	Viceroy Gold Corporation	220
25	Golden Sunlight	Jefferson, MT	Golden Sunlight Mines, Inc.	75
XX	Bagdad	Yavapai, AZ	Phelps Dodge Corp.	(6)
XX	Homestake	Lawrence, SD	Homestake Mining Company	(6)
XX	Mesquite	Imperial, CA	Western Goldfields, Inc.	(6)
XX	Midas	Elko, NV	Newmont Gold Company	(6)
XX	Ruby Hill	Eureka, NV	Homestake Mining Company	(6)

XX Not applicable.

¹Data are rounded to no more than three significant digits; these mines accounted for more than 99% of the U.S. gold production through the third quarter of 2004.

²Includes Battle Mountain Gold, Carlin Mines Complex, Gold Quarry, Lone Tree, Twin Creeks, and Reona.

³Mine production refers to gold equivalent produced.

⁴Mine production refers to total quantity of gold produced in concentrates.

⁵Source: Szumigala, D.J., and Harris, R.H., 2004, Alaska's mineral industry 2003: Alaska Division of Geology and Geophysics Surveys Information Circular 50, March, 14 p.

⁶Production information for Bagdad, Homestake, Mesquite, Midas, and Ruby Hill is withheld; mines are among the leading 30 gold-producing mines in the United States, but are not shown in rank order to avoid disclosing company proprietary data.

Sources: Company annual reports, Securities and Exchange Commission's 10-K reports and company news releases.